

AMENDED IN ASSEMBLY JUNE 19, 2006
AMENDED IN SENATE MAY 9, 2006
AMENDED IN SENATE APRIL 18, 2006
AMENDED IN SENATE MARCH 28, 2006
AMENDED IN SENATE MARCH 21, 2006
AMENDED IN SENATE MARCH 14, 2006
AMENDED IN SENATE FEBRUARY 27, 2006

SENATE BILL

No. 1206

**Introduced by Senator Kehoe
(Coauthors: Senators Dunn and Machado)**

January 26, 2006

An act to amend Sections 33030, 33031, 33320.1, ~~33333.6~~, 33352, 33367, 33378, 33445, 33485, 33486, 33500, and 33501 of, and to add Sections 33501.1, 33501.2, 33501.3, ~~33501.7~~, ~~and 33601.5~~ *and 33501.7* to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1206, as amended, Kehoe. Redevelopment.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight in those communities and defines a blighted area as one that is predominantly urbanized and characterized by specified conditions.

This bill would revise the definition of "predominantly urbanized" and revise the conditions that characterize a blighted area. The bill would prohibit the inclusion of nonblighted parcels in a

redevelopment project area for the purpose of obtaining property tax revenue from the area without substantial justification for their inclusion.

(2) *Existing law specifies certain limitations that apply to every redevelopment plan adopted on or before December 31, 1993.*

This bill would specify that the time limit on the establishing of loans, advances, and indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or January 1, 2009, whichever is later; and that the time limit may be extended by amending the redevelopment plan after the redevelopment agency finds, based on substantial evidence, that significant blight remains within the project and that the blight cannot be eliminated without the establishment of additional debt.

(2)

(3) Existing law requires that every redevelopment plan submitted by a redevelopment agency to the legislative body of the local agency contain a report with specified information, including a description of the physical and economic conditions that cause the project area to be blighted.

This bill would require that the description contain specific, quantifiable evidence that documents specified physical and economic conditions in the project area.

(3)

(4) Existing law specifies the contents of the ordinance adopting a redevelopment plan, including the findings and determinations of the legislative body about the blighted area that is to be redeveloped.

This bill would state that the findings shall be based on clear and convincing evidence, and would add an additional finding and determination that the implementation of the redevelopment plan will improve the physical and economic conditions of blight in the project area.

(4)

(5) Existing law makes an ordinance that adopts, modifies, or amends a redevelopment plan subject to referendum and requires the referendum petitions circulated in cities and counties over 500,000 population be submitted to the clerk of the legislative body within 90 days of the adoption of the ordinance subject to referendum.

~~This bill would extend these provisions,~~ *notwithstanding any other provision of law, make this 90-day requirement applicable to all cities and counties.*

~~(5)~~

(6) Existing law prohibits a redevelopment agency from using tax increment funds for the construction or rehabilitation of a city hall or county administration building.

This bill would include land acquisition, related site clearance, and design costs in the prohibition against using tax increment funds for the construction of a city hall or county administration building.

~~(6)~~

(7) Existing law authorizes a redevelopment agency to merge project areas under its jurisdiction without regard to contiguity of the areas.

This bill would require the legislative body of the redevelopment agency that intends such a merger to find, based on substantial evidence, that significant blight remains within one of the project areas and that the blight cannot be eliminated without the merger.

~~(7)~~

(8) Existing law authorizes the bringing of a civil action to determine the validity of proceedings taken by a legislative body related to the establishment of a redevelopment agency and specified actions taken by a redevelopment agency and makes the Department of Finance an interested person in action brought with regard to the validity of an ordinance adopting a redevelopment plan.

This bill would not permit the civil action to be commenced within 90 days from the date of the decision of the legislative body or redevelopment agency and would also make the Attorney General an interested person in a civil action brought to determine the validity of these matters. The bill would authorize the Attorney General to intervene as of right in these civil actions.

The bill would prohibit an action from being brought against a redevelopment agency or legislative body unless the grounds for noncompliance with the Community Redevelopment Law are presented to the agency or legislative body orally or in writing before the close of the required public hearing.

The bill would require any party filing a pleading or brief in an action challenging the validity of a finding and determination that the project area is blighted to serve a copy of the pleading or brief on the Attorney General and would prohibit a court from granting relief to a party unless proof is filed with the court that the party has complied with this requirement.

The bill would prohibit a redevelopment agency or legislative body from permitting or requiring a property owner or real party in interest to indemnify the agency or legislative body against these civil actions as a condition of adopting or amending a redevelopment plan.

~~(8) Existing law requires a redevelopment plan containing provisions for the receipt and use of property tax increment revenues by the redevelopment agency to contain a time limit not exceeding 20 years from the adoption of the redevelopment plan on the establishing of loans, advances, and indebtedness to be paid with the proceeds of those revenues to finance the redevelopment project, except by amendment of the redevelopment plan.~~

~~This bill would prohibit a redevelopment agency from establishing any bonded indebtedness to be paid with tax increment revenues commencing with the 11th fiscal year in which the agency receives property tax increment revenues from a project area unless the legislative body finds, based on substantial evidence, that significant blight remains within the project area and this blight cannot be eliminated without the establishment of the indebtedness.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 33030 of the Health and Safety Code is
2 amended to read:
3 33030. (a) It is found and declared that there exist in many
4 communities blighted areas that constitute physical and economic
5 liabilities, requiring redevelopment in the interest of the health,
6 safety, and general welfare of the people of these communities
7 and of the state.
8 (b) A blighted area is one that contains both of the following:
9 (1) An area that is predominantly urbanized, as that term is
10 defined in Section 33320.1, and is an area in which the
11 combination of conditions set forth in Section 33031 is so
12 prevalent and so substantial that it causes a reduction of, or lack
13 of, proper utilization of the area to such an extent that it
14 constitutes a serious physical and economic burden on the
15 community that cannot reasonably be expected to be reversed or
16 alleviated by private enterprise or governmental action, or both,
17 without redevelopment.

(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

SEC. 2. Section 33031 of the Health and Safety Code is amended to read:

33031. (a) This subdivision describes physical conditions that cause blight:

(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, seriously defective design, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

(2) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by buildings of substandard design or lots of inadequate size, given present general plan and zoning standards and present market conditions.

(3) Adjacent or nearby incompatible land uses that prevent the economic development of those parcels or other portions of the project area.

(4) The existence of subdivided lots that are in multiple ownership and whose economic development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

(b) This subdivision describes economic conditions that cause blight:

(1) Depreciated or stagnant property values or impaired investments, including properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459).

(2) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

1 (3) An acute lack of necessary commercial facilities that are
2 normally found in neighborhoods, including grocery stores, drug
3 stores, and banks and other lending institutions.

4 (4) Serious residential overcrowding that has resulted in
5 significant public health or safety problems. As used in this
6 paragraph, “overcrowding” means exceeding the standard
7 referenced in Section 32 of Article 5 of Chapter 1 of Title 25 of
8 the California Code of Regulations.

9 (5) An excess of bars, liquor stores, or adult-oriented
10 businesses that has resulted in significant public health or safety
11 problems.

12 (6) A very high crime rate that constitutes a serious threat to
13 the public safety and welfare. As used in this paragraph, “crime”
14 means the crimes measured by either the California Crime Index
15 prepared by the Department of Justice, pursuant to Sections
16 13010 and 13012 of the Penal Code, or the Uniform Crime
17 Reporting Program operated by the Federal Bureau of
18 Investigation.

19 SEC. 3. Section 33320.1 of the Health and Safety Code is
20 amended to read:

21 33320.1. (a) “Project area” means, except as provided in
22 Section 33320.2, 33320.3, 33320.4, or 33492.3, a predominantly
23 urbanized area of a community that is a blighted area, the
24 redevelopment of which is necessary to effectuate the public
25 purposes declared in this part, and that is selected by the planning
26 commission pursuant to Section 33322.

27 (b) As used in this section, “predominantly urbanized” means
28 that not less than 80 percent of the land in the project area is
29 either of the following:

30 (1) Developed for urban uses.

31 (2) An integral part of one or more areas developed for urban
32 uses that are surrounded or substantially surrounded by parcels
33 that have been or are developed for urban uses. Parcels separated
34 by only an improved right-of-way shall be deemed adjacent for
35 the purpose of this subdivision. Parcels that are not blighted shall
36 not be included in the project area for the purpose of obtaining
37 the allocation of taxes from the area pursuant to Section 33670
38 without other substantial justification for their inclusion.

39 (c) For the purposes of this section, a parcel of property as
40 shown on the official maps of the county assessor is developed

1 for urban uses if that parcel meets any of the following
2 conditions:

3 (1) Is presently developed for urban uses consistent with
4 present general plan and zoning standards.

5 (2) Is presently developed for urban uses as a legal,
6 nonconforming use.

7 (3) Had been developed for urban uses consistent with the then
8 applicable general plan and zoning standards.

9 (d) The requirement that a project be predominantly urbanized
10 shall apply only to a project area for which a final redevelopment
11 plan is adopted on or after January 1, 1984, or to an area that is
12 added to a project area by an amendment to a redevelopment
13 plan, which amendment is adopted on or after January 1, 1984.

14 *SEC. 4. Section 33333.6 of the Health and Safety Code is*
15 *amended to read:*

16 33333.6. The limitations of this section shall apply to every
17 redevelopment plan adopted on or before December 31, 1993.

18 (a) (1) *The time limit on the establishing of loans, advances,*
19 *and indebtedness adopted pursuant to paragraph (2) of*
20 *subdivision (a) of Section 33333.2 or paragraph (2) of*
21 *subdivision (a) of Section 33333.4, shall not exceed 20 years*
22 *from the adoption of the redevelopment plan or January 1, 2009,*
23 *whichever is later. This limit, however, shall not prevent*
24 *agencies from incurring debt to be paid from the Low and*
25 *Moderate Income Housing Fund or establishing more debt in*
26 *order to fulfill the agency's housing obligations under Section*
27 *33413. This limit shall not prevent agencies from refinancing,*
28 *refunding, or restructuring indebtedness after the time limits if*
29 *the indebtedness is not increased and the time during which the*
30 *indebtedness is to be repaid does not exceed the date on which*
31 *the indebtedness would have been paid.*

32 (2) *The time limit established by this subdivision may be*
33 *extended, only by amendment of the redevelopment plan, after*
34 *the agency finds, based on substantial evidence that: (A)*
35 *significant blight remains within the project area, and (B) this*
36 *blight cannot be eliminated without the establishment of*
37 *additional debt. However, this amended time limitation may not*
38 *exceed 10 years from the time limit established pursuant to this*
39 *subdivision or the time limit on the effectiveness of the plan*
40 *established pursuant to subdivision (b), whichever is earlier.*

1 ~~(a)~~

2 ~~(b)~~ The effectiveness of every redevelopment plan to which
3 this section applies shall terminate at a date that shall not exceed
4 40 years from the adoption of the redevelopment plan or January
5 1, 2009, whichever is later. After the time limit on the
6 effectiveness of the redevelopment plan, the agency shall have no
7 authority to act pursuant to the redevelopment plan except to pay
8 previously incurred indebtedness, to comply with Section
9 33333.8 and to enforce existing covenants, contracts, or other
10 obligations.

11 ~~(b)~~

12 ~~(c)~~ Except as provided in subdivisions ~~(f) and (g)~~ *(g) and (h)*,
13 a redevelopment agency may not pay indebtedness or receive
14 property taxes pursuant to Section 33670 after 10 years from the
15 termination of the effectiveness of the redevelopment plan
16 pursuant to subdivision (b).

17 ~~(e)~~

18 ~~(d)~~ (1) If plans that had different dates of adoption were
19 merged on or before December 31, 1993, the time limitations
20 required by this section shall be counted individually for each
21 merged plan from the date of the adoption of each plan. If an
22 amendment to a redevelopment plan added territory to the project
23 area on or before December 31, 1993, the time limitations
24 required by this section shall commence, with respect to the
25 redevelopment plan, from the date of the adoption of the
26 redevelopment plan, and, with respect to the added territory,
27 from the date of the adoption of the amendment.

28 (2) If plans that had different dates of adoption are merged on
29 or after January 1, 1994, the time limitations required by this
30 section shall be counted individually for each merged plan from
31 the date of the adoption of each plan.

32 ~~(d)~~

33 ~~(e)~~ (1) Unless a redevelopment plan adopted prior to January
34 1, 1994, contains all of the limitations required by this section
35 and each of these limitations does not exceed the applicable time
36 limits established by this section, the legislative body, acting by
37 ordinance on or before December 31, 1994, shall amend every
38 redevelopment plan adopted prior to January 1, 1994, either to
39 amend an existing time limit that exceeds the applicable time

1 limit established by this section or to establish time limits that do
2 not exceed the provisions of subdivision ~~(b)~~ (a), (b), or (c).

3 (2) The limitations established in the ordinance adopted
4 pursuant to this section shall apply to the redevelopment plan as
5 if the redevelopment plan had been amended to include those
6 limitations. However, in adopting the ordinance required by this
7 section, neither the legislative body nor the agency is required to
8 comply with Article 12 (commencing with Section 33450) or any
9 other provision of this part relating to the amendment of
10 redevelopment plans.

11 (e)

12 (f) (1) If a redevelopment plan adopted prior to January 1,
13 1994, contains one or more limitations required by this section,
14 and the limitation does not exceed the applicable time limit
15 required by this section, this section shall not be construed to
16 require an amendment of this limitation.

17 (2) (A) A redevelopment plan adopted prior to January 1,
18 1994, that has a limitation shorter than the terms provided in this
19 section may be amended by a legislative body by adoption of an
20 ordinance on or after January 1, 1999, but on or before December
21 31, 1999, to extend the limitation, provided that the plan as so
22 amended does not exceed the terms provided in this section. In
23 adopting an ordinance pursuant to this subparagraph, neither the
24 legislative body nor the agency is required to comply with
25 Section 33354.6, Article 12 (commencing with Section 33450),
26 or any other provision of this part relating to the amendment of
27 redevelopment plans.

28 (B) On or after January 1, 2002, a redevelopment plan may be
29 amended by a legislative body by adoption of an ordinance to
30 eliminate the time limit on the establishment of loans, advances,
31 and indebtedness required by this section prior to January 1,
32 2002. In adopting an ordinance pursuant to this subparagraph,
33 neither the legislative body nor the agency is required to comply
34 with Section 33354.6, Article 12 (commencing with Section
35 33450), or any other provision of this part relating to the
36 amendment of redevelopment plans, except that the agency shall
37 make the payment to affected taxing entities required by Section
38 33607.7.

39 (C) When an agency is required to make a payment pursuant
40 to Section 33681.9, the legislative body may amend the

1 redevelopment plan to extend the time limits required pursuant to
2 subdivisions (a) and (b) by one year by adoption of an ordinance.
3 In adopting an ordinance pursuant to this subparagraph, neither
4 the legislative body nor the agency is required to comply with
5 Section 33354.6 or Article 12 (commencing with Section 33450)
6 or any other provision of this part relating to the amendment of
7 redevelopment plans, including, but not limited to, the
8 requirement to make the payment to affected taxing entities
9 required by Section 33607.7.

10 (D) When an agency is required pursuant to Section 33681.12
11 to make a payment to the county auditor for deposit in the
12 county's Educational Revenue Augmentation Fund created
13 pursuant to Article 3 (commencing with Section 97) of Chapter 6
14 of Part 0.5 of Division 1 of the Revenue and Taxation Code, the
15 legislative body may amend the redevelopment plan to extend the
16 time limits required pursuant to subdivisions (a) and (b) by the
17 following:

18 (i) One year for each year in which a payment is made, if the
19 time limit for the effectiveness of the redevelopment plan
20 established pursuant to subdivision (a) is 10 years or less from
21 the last day of the fiscal year in which a payment is made.

22 (ii) One year for each year in which such a payment is made, if
23 both of the following apply:

24 (I) The time limit for the effectiveness of the redevelopment
25 plan established pursuant to subdivision (a) is more than 10 years
26 but less than 20 years from the last day of the fiscal year in which
27 a payment is made.

28 (II) The legislative body determines in the ordinance adopting
29 the amendment that, with respect to the project, the following:

30 (IIa) The agency is in compliance with the requirements of
31 Section 33334.2 or 33334.6, as applicable.

32 (IIb) The agency has adopted an implementation plan in
33 accordance with the requirements of Section 33490.

34 (IIc) The agency is in compliance with subdivisions (a) and (b)
35 of Section 33413, to the extent applicable.

36 (IId) The agency is not subject to sanctions pursuant to
37 subdivision (e) of Section 33334.12 for failure to expend,
38 encumber, or disburse an excess surplus.

39 (iii) This subparagraph shall not apply to any redevelopment
40 plan if the time limit for the effectiveness of the redevelopment

1 plan established pursuant to subdivision (a) is more than 20 years
2 after the last day of the fiscal year in which such a payment is
3 made.

4 (3) (A) The legislative body by ordinance may adopt the
5 amendments provided for under this paragraph following a
6 public hearing. Notice of the public hearing shall be mailed to the
7 governing body of each affected taxing entity at least 30 days
8 prior to the public hearing and published in a newspaper of
9 general circulation in the community at least once, not less than
10 10 days prior to the date of the public hearing. The ordinance
11 shall contain a finding of the legislative body that funds used to
12 make a payment to the county's Educational Revenue
13 Augmentation Fund pursuant to Section 33681.12 would
14 otherwise have been used to pay the costs of projects and
15 activities necessary to carry out the goals and objectives of the
16 redevelopment plan. In adopting an ordinance pursuant to this
17 paragraph, neither the legislative body nor the agency is required
18 to comply with Section 33354.6, Article 12 (commencing with
19 Section 33450), or any other provision of this part relating to the
20 amendment of redevelopment plans.

21 (B) The time limit on the establishment of loans, advances,
22 and indebtedness shall be deemed suspended and of no force or
23 effect but only for the purpose of issuing bonds or other
24 indebtedness the proceeds of which are used to make the
25 payments required by Section 33681.12 if the following apply:

26 (i) The time limit on the establishment of loans, advances, and
27 indebtedness required by this section prior to January 1, 2002,
28 has expired and has not been eliminated pursuant to
29 subparagraph (B).

30 (ii) The agency is required to make a payment pursuant to
31 Section 33681.12.

32 (iii) The agency determines that in order to make the payment
33 required by Section 33681.12, it is necessary to issue bonds or
34 incur other indebtedness.

35 (iv) The proceeds of the bonds issued or indebtedness incurred
36 are used solely for the purpose of making the payments required
37 by Section 33681.12 and related costs.

38 The suspension of the time limit on the establishment of loans,
39 advances, and indebtedness pursuant to this subparagraph shall

1 not require the agency to make the payment to affected taxing
2 entities required by Section 33607.7.

3 (4) (A) A time limit on the establishing of loans, advances,
4 and indebtedness to be paid with the proceeds of property taxes
5 received pursuant to Section 33670 to finance in whole or in part
6 the redevelopment project shall not prevent an agency from
7 incurring debt to be paid from the agency's Low and Moderate
8 Income Housing Fund or establishing more debt in order to fulfill
9 the agency's affordable housing obligations, as defined in
10 paragraph (1) of subdivision (a) of Section 33333.8.

11 (B) A redevelopment plan may be amended by a legislative
12 body to provide that there shall be no time limit on the
13 establishment of loans, advances, and indebtedness paid from the
14 agency's Low and Moderate Income Housing Fund or
15 establishing more debt in order to fulfill the agency's affordable
16 housing obligations, as defined in paragraph (1) of subdivision
17 (a) of Section 33333.8. In adopting such an ordinance, neither the
18 legislative body nor the agency is required to comply with
19 Section 33345.6, Article 12 (commencing with Section 33450),
20 or any other provision of this part relating to the amendment of
21 redevelopment plans, and the agency shall not make the payment
22 to affected taxing entities required by Section 33607.7.

23 ~~(f)~~

24 (g) The limitations established in the ordinance adopted
25 pursuant to this section shall not be applied to limit the allocation
26 of taxes to an agency to the extent required to comply with
27 Section 33333.8. In the event of a conflict between these
28 limitations and the obligations under Section 33333.8, the
29 limitations established in the ordinance shall be suspended
30 pursuant to Section 33333.8.

31 ~~(g)~~

32 (h) (1) This section does not effect the validity of any bond,
33 indebtedness, or other obligation, including any mitigation
34 agreement entered into pursuant to Section 33401, authorized by
35 the legislative body, or the agency pursuant to this part, prior to
36 January 1, 1994.

37 (2) This section does not affect the right of an agency to
38 receive property taxes, pursuant to Section 33670, to pay the
39 bond, indebtedness, or other obligation.

(3) This section does not affect the right of an agency to receive property taxes pursuant to Section 33670 to pay refunding bonds issued to refinance, refund, or restructure indebtedness authorized prior to January 1, 1994, if the last maturity date of these refunding bonds is not later than the last maturity date of the refunded indebtedness and the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds is less than the sum of the total net interest cost to maturity on the refunded indebtedness plus the principal amount of the refunded indebtedness.

~~(h)~~

(i) A redevelopment agency shall not pay indebtedness or receive property taxes pursuant to Section 33670, with respect to a redevelopment plan adopted prior to January 1, 1994, after the date identified in subdivision (b) or the date identified in the redevelopment plan, whichever is earlier, except as provided in paragraph (2) of subdivision (e), in subdivision (g), or in Section 33333.8.

(i) The Legislature finds and declares that the amendments made to this section by the act that adds this subdivision are intended to add limitations to the law on and after January 1, 1994, and are not intended to change or express legislative intent with respect to the law prior to that date. It is not the intent of the Legislature to affect the merits of any litigation regarding the ability of a redevelopment agency to sell bonds for a term that exceeds the limit of a redevelopment plan pursuant to law that existed prior to January 1, 1994.

~~(j)~~

(k) If a redevelopment plan is amended to add territory, the amendment shall contain the time limits required by Section 33333.2.

~~SEC. 4.~~

SEC. 5. Section 33352 of the Health and Safety Code is amended to read:

33352. Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing all of the following:

(a) The reasons for the selection of the project area, a description of the specific projects then proposed by the agency,

1 a description of how these projects will improve or alleviate the
2 conditions described in subdivision (b).

3 (b) A description of the physical and economic conditions
4 specified in Section 33031 that exist in the area that cause the
5 project area to be blighted. The description shall include a list of
6 the physical and economic conditions described in Section 33031
7 that exist within the project area and a map showing where in the
8 project the conditions exist. The description shall contain
9 specific, quantifiable evidence that documents each of the
10 following:

11 (1) The physical and economic conditions specified in Section
12 ~~33301~~ 33031.

13 (2) That each of the described physical and economic
14 conditions is so prevalent and substantial that collectively they
15 seriously harm the entire project area.

16 (3) That each of the described physical and economic
17 conditions is significantly worse than the physical and economic
18 conditions that exist in the rest of the community, outside the
19 project area.

20 (4) That collectively, the physical and economic conditions
21 constitute dire inner-city slum conditions or equivalently
22 degraded inner-city business conditions.

23 (c) An implementation plan that describes specific goals and
24 objectives of the agency, specific projects then proposed by the
25 agency, including a program of actions and expenditures
26 proposed to be made within the first five years of the plan, and a
27 description of how these projects will improve or alleviate the
28 conditions described in Section 33031.

29 (d) An explanation of why the elimination of blight and the
30 redevelopment of the project area cannot reasonably be expected
31 to be accomplished by private enterprise acting alone or by the
32 legislative body's use of financing alternatives other than tax
33 increment financing.

34 (e) The proposed method of financing the redevelopment of
35 the project area in sufficient detail so that the legislative body
36 may determine the economic feasibility of the plan.

37 (f) A method or plan for the relocation of families and persons
38 to be temporarily or permanently displaced from housing
39 facilities in the project area, which method or plan shall include
40 the provision required by Section 33411.1 that no persons or

1 families of low and moderate income shall be displaced unless
2 and until there is a suitable housing unit available and ready for
3 occupancy by the displaced person or family at rents comparable
4 to those at the time of their displacement.

5 (g) An analysis of the preliminary plan.

6 (h) The report and recommendations of the planning
7 commission.

8 (i) The summary referred to in Section 33387.

9 (j) The report required by Section 65402 of the Government
10 Code.

11 (k) The report required by Section 21151 of the Public
12 Resources Code.

13 (l) The report of the county fiscal officer as required by
14 Section 33328.

15 (m) If the project area contains low- or moderate-income
16 housing, a neighborhood impact report which describes in detail
17 the impact of the project upon the residents of the project area
18 and the surrounding areas, in terms of relocation, traffic
19 circulation, environmental quality, availability of community
20 facilities and services, effect on school population and quality of
21 education, property assessments and taxes, and other matters
22 affecting the physical and social quality of the neighborhood.
23 The neighborhood impact report shall also include all of the
24 following:

25 (1) The number of dwelling units housing persons and families
26 of low or moderate income expected to be destroyed or removed
27 from the low- and moderate-income housing market as part of a
28 redevelopment project.

29 (2) The number of persons and families of low or moderate
30 income expected to be displaced by the project.

31 (3) The general location of housing to be rehabilitated,
32 developed, or constructed pursuant to Section 33413.

33 (4) The number of dwelling units housing persons and families
34 of low or moderate income planned for construction or
35 rehabilitation, other than replacement housing.

36 (5) The projected means of financing the proposed dwelling
37 units for housing persons and families of low and moderate
38 income planned for construction or rehabilitation.

39 (6) A projected timetable for meeting the plan's relocation,
40 rehabilitation, and replacement housing objectives.

(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.

(2) As used in this subdivision:

(A) “Mitigation measures” may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.

(B) “Mitigation measures” shall not include obligations to make payments to any affected taxing entity.

~~SEC. 5~~

SEC. 6. Section 33367 of the Health and Safety Code is amended to read:

33367. The ordinance shall contain all of the following:

(a) The purposes and intent of the legislative body with respect to the project area.

(b) The plan incorporated by reference.

(c) A designation of the approved plan as the official redevelopment plan of the project area.

(d) The findings and determinations of the legislative body which shall be based on clear and convincing evidence that:

(1) The project area is a blighted area, the redevelopment of which is necessary to effectuate the public purposes declared in this part.

(2) The redevelopment plan would redevelop the area in conformity with this part and in the interests of the public peace, health, safety, and welfare.

(3) The adoption and carrying out of the redevelopment plan is economically sound and feasible.

(4) The redevelopment plan is consistent with the general plan of the community, including, but not limited to, the community’s housing element, which substantially complies with the

1 requirements of Article 10.6 (commencing with Section 65580)
2 of Chapter 3 of Division 1 of Title 7 of the Government Code.

3 (5) The carrying out of the redevelopment plan would promote
4 the public peace, health, safety, and welfare of the community
5 and would effectuate the purposes and policy of this part.

6 (6) The condemnation of real property, if provided for in the
7 redevelopment plan, is necessary to the execution of the
8 redevelopment plan and adequate provisions have been made for
9 payment for property to be acquired as provided by law.

10 (7) The agency has a feasible method or plan for the relocation
11 of families and persons displaced from the project area, if the
12 redevelopment plan may result in the temporary or permanent
13 displacement of any occupants of housing facilities in the project
14 area.

15 (8) (A) There are, or shall be provided, in the project area or
16 in other areas not generally less desirable in regard to public
17 utilities and public and commercial facilities and at rents or
18 prices within the financial means of the families and persons
19 displaced from the project area, decent, safe, and sanitary
20 dwellings equal in number to the number of and available to the
21 displaced families and persons and reasonably accessible to their
22 places of employment.

23 (B) Families and persons shall not be displaced prior to the
24 adoption of a relocation plan pursuant to Sections 33411 and
25 33411.1. Dwelling units housing persons and families of low or
26 moderate income shall not be removed or destroyed prior to the
27 adoption of a replacement housing plan pursuant to Sections
28 33334.5, 33413, and 33413.5.

29 (9) All noncontiguous areas of a project area are either
30 blighted or necessary for effective redevelopment and are not
31 included for the purpose of obtaining the allocation of taxes from
32 the area pursuant to Section 33670 without other substantial
33 justification for their inclusion.

34 (10) Inclusion of any lands, buildings, or improvements which
35 are not detrimental to the public health, safety, or welfare is
36 necessary for the effective redevelopment of the area of which
37 they are a part; that any area included is necessary for effective
38 redevelopment and is not included for the purpose of obtaining
39 the allocation of tax increment revenues from the area pursuant

1 to Section 33670 without other substantial justification for its
2 inclusion.

3 (11) The elimination of blight and the redevelopment of the
4 project area could not be reasonably expected to be accomplished
5 by private enterprise acting alone without the aid and assistance
6 of the agency.

7 (12) The project area is predominantly urbanized, as defined
8 by subdivision (b) of Section 33320.1.

9 (13) The time limitation and, if applicable, the limitation on
10 the number of dollars to be allocated to the agency that are
11 contained in the plan are reasonably related to the proposed
12 projects to be implemented in the project area and to the ability
13 of the agency to eliminate blight within the project area.

14 (14) The implementation of the redevelopment plan will
15 improve or alleviate the physical and economic conditions of
16 blight in the project area, as described in the report prepared
17 pursuant to Section 33352.

18 (e) A statement that the legislative body is satisfied that
19 permanent housing facilities will be available within three years
20 from the time occupants of the project area are displaced and
21 that, pending the development of the facilities, there will be
22 available to the displaced occupants adequate temporary housing
23 facilities at rents comparable to those in the community at the
24 time of their displacement.

25 ~~SEC. 6.~~

26 *SEC. 7.* Section 33378 of the Health and Safety Code is
27 amended to read:

28 33378. (a) With respect to any ordinance that is subject to
29 referendum pursuant to Sections 33365 and 33450, the language
30 of the statement of the ballot measure shall set forth with clarity
31 and in language understandable to the average person that a
32 “Yes” vote is a vote in favor of adoption or amendment of the
33 redevelopment plan and a “No” vote is a vote against the
34 adoption or amendment of the redevelopment plan.

35 (b) (1) Notwithstanding any other provision of law, including
36 the charter of any city or city and county, referendum petitions
37 circulated in ~~all~~ cities or counties *over 500,000 in population*
38 shall bear valid signatures numbering not less than 10 percent of
39 the total votes cast within the city or county for Governor at the
40 last gubernatorial ~~election~~ *election*. ~~and shall be submitted to the~~

1 clerk of the legislative body within 90 days of the adoption of an
2 ordinance subject to referendum under this article.

3 (2) *Notwithstanding any other provision of law, including the*
4 *charter of any city or city and county, or Section 9242 of the*
5 *Elections Code, the referendum petitions of all cities and*
6 *counties shall be submitted to the clerk of the legislative body*
7 *within 90 days of the adoption of an ordinance subject to*
8 *referendum under this act.*

9 (c) With respect to any ordinance that is subject to referendum
10 pursuant to Sections 33365 and 33450 and either provides for
11 tax-increment financing pursuant to Section 33670 or expands a
12 project area that is subject to tax-increment financing, the
13 referendum measure shall include, in the ballot pamphlet, an
14 analysis by the county auditor-controller and, at the option of the
15 legislative body, a separate analysis by the agency, of the
16 redevelopment plan or amendment that will include both of the
17 following:

18 (1) An estimate of the potential impact on property taxes per
19 each ten thousand dollars (\$10,000) of assessed valuation for
20 taxpayers located in the city or county, as the case may be,
21 outside the redevelopment project area during the life of the
22 redevelopment project.

23 (2) An estimate of what would happen to the project area in
24 the absence of the redevelopment project or in the absence of the
25 proposed amendment to the plan.

26 ~~SEC. 7.~~

27 *SEC. 8.* Section 33445 of the Health and Safety Code is
28 amended to read:

29 33445. (a) Notwithstanding Section 33440, an agency may,
30 with the consent of the legislative body, pay all or a part of the
31 value of the land for and the cost of the installation and
32 construction of any building, facility, structure, or other
33 improvement that is publicly owned either within or without the
34 project area, if the legislative body determines all of the
35 following:

36 (1) That the buildings, facilities, structures, or other
37 improvements are of benefit to the project area or the immediate
38 neighborhood in which the project is located, regardless of
39 whether the improvement is within another project area, or in the
40 case of a project area in which substantially all of the land is

1 publicly owned that the improvement is of benefit to an adjacent
2 project area of the agency.

3 (2) That no other reasonable means of financing the buildings,
4 facilities, structures, or other improvements, are available to the
5 community.

6 (3) That the payment of funds for the acquisition of land or the
7 cost of buildings, facilities, structures, or other improvements
8 will assist in the elimination of one or more blighting conditions
9 inside the project area or provide housing for low- or
10 moderate-income persons, and is consistent with the
11 implementation plan adopted pursuant to Section 33490.

12 (b) The determinations by the agency and the local legislative
13 body pursuant to subdivision (a) shall be final and conclusive.
14 For redevelopment plans, and amendments to those plans which
15 add territory to a project, adopted after October 1, 1976,
16 acquisition of property and installation or construction of each
17 facility shall be provided for in the redevelopment plan. A
18 redevelopment agency shall not pay for the normal maintenance
19 or operations of buildings, facilities, structures, or other
20 improvements that are publicly owned. Normal maintenance or
21 operations do not include the construction, expansion, addition
22 to, or reconstruction of, buildings, facilities, structures, or other
23 improvements that are publicly owned otherwise undertaken
24 pursuant to this section.

25 (c) When the value of the land or the cost of the installation
26 and construction of the building, facility, structure, or other
27 improvement, or both, has been, or will be, paid or provided for
28 initially by the community or other public corporation, the
29 agency may enter into a contract with the community or other
30 public corporation under which it agrees to reimburse the
31 community or other public corporation for all or part of the value
32 of the land or all or part of the cost of the building, facility,
33 structure, or other improvement, or both, by periodic payments
34 over a period of years.

35 (d) The obligation of the agency under the contract shall
36 constitute an indebtedness of the agency for the purpose of
37 carrying out the redevelopment project for the project area,
38 which indebtedness may be made payable out of taxes levied in
39 the project area and allocated to the agency under subdivision (b)
40 of Section 33670 or out of any other available funds.

1 (e) In a case where the land has been or will be acquired by, or
2 the cost of the installation and construction of the building,
3 facility, structure, or other improvement has been paid by, a
4 parking authority, joint powers entity, or other public corporation
5 to provide a building, facility, structure, or other improvement
6 that has been or will be leased to the community, the contract
7 may be made with, and the reimbursement may be made payable
8 to, the community.

9 (f) With respect to the financing, acquisition, or construction
10 of a transportation, collection, and distribution system and related
11 peripheral parking facilities, in a county with a population of
12 4,000,000 persons or more, the agency shall, in order to exercise
13 the powers granted by this section, enter into an agreement with
14 the rapid transit district that includes the county, or a portion
15 thereof, in which agreement the rapid transit district shall be
16 given all of the following responsibilities:

17 (1) To participate with the other parties to the agreement to
18 design, determine the location and extent of the necessary
19 rights-of-way for, and construct, the transportation, collection,
20 and distribution systems and related peripheral parking structures
21 and facilities.

22 (2) To operate and maintain the transportation, collection, and
23 distribution systems and related peripheral parking structures and
24 facilities in accordance with the rapid transit district's
25 outstanding agreements and the agreement required by this
26 paragraph.

27 (g) (1) Notwithstanding any other authority granted in this
28 section, an agency shall not pay for, either directly or indirectly,
29 with tax increment funds the construction, including land
30 acquisition, related site clearance, and design costs, or
31 rehabilitation of a building that is, or that will be used as, a city
32 hall or county administration building.

33 (2) This subdivision shall not preclude an agency from making
34 payments to construct, rehabilitate, or replace a city hall if an
35 agency does any of the following:

36 (A) Allocates tax increment funds for this purpose during the
37 1988–89 fiscal year and each fiscal year thereafter in order to
38 comply with federal and state seismic safety and accessibility
39 standards.

1 (B) Uses tax increment funds for the purpose of rehabilitating
2 or replacing a city hall that was seriously damaged during an
3 earthquake that was declared by the President of the United
4 States to be a natural disaster.

5 (C) Uses the proceeds of bonds, notes, certificates of
6 participation, or other indebtedness that was issued prior to
7 January 1, 1994, for the purpose of constructing or rehabilitating
8 a city hall, as evidenced by documents approved at the time of
9 the issuance of the indebtedness.

10 ~~SEC. 8.~~

11 *SEC. 9.* Section 33485 of the Health and Safety Code is
12 amended to read:

13 33485. The Legislature finds and declares that the provisions
14 of this part, which require that taxes allocated pursuant to Section
15 16 of Article XVI of the California Constitution and Section
16 33670 be applied to the project area in which those taxes are
17 generated, are designed to assure (1) that project areas are
18 terminated when the redevelopment of those areas has been
19 completed and (2) that the increased revenues that result from
20 redevelopment accrue to the benefit of affected taxing
21 jurisdictions at the completion of redevelopment activities in a
22 project area. Mergers of project areas are desirable as a matter of
23 public policy if they result in substantial benefit to the public and
24 if they contribute to the revitalization of blighted areas through
25 the increased economic vitality of those areas and through
26 increased and improved housing opportunities in or near such
27 areas. The Legislature further finds and declares that it is
28 necessary to enact a statute that sets out uniform statewide
29 standards for merger of project areas to assure that those mergers
30 serve a vital public purpose.

31 ~~SEC. 9.~~

32 *SEC. 10.* Section 33486 of the Health and Safety Code is
33 amended to read:

34 33486. (a) For the purpose of allocating taxes pursuant to
35 Section 33670 and subject to the provisions of this article,
36 redevelopment project areas under the jurisdiction of a
37 redevelopment agency for which redevelopment plans have been
38 adopted pursuant to Article 5 (commencing with Section 33360),
39 may be merged, without regard to contiguity of the areas, by the
40 amendment of each affected redevelopment plan as provided in

Article 12 (commencing with Section 33450). Before adopting the ordinance amending each affected redevelopment plan, the legislative body shall find, based on substantial evidence, that both of the following conditions exist:

(1) Significant blight remains within one of the project areas.

(2) This blight cannot be eliminated without merging the project areas and the receipt of property taxes.

(b) (1) Except as provided in paragraph (2), taxes attributable to each project area merged pursuant to this section that are allocated to the redevelopment agency pursuant to Section 33670 may be allocated to the entire merged project area for the purpose of paying the principal of, and interest on, indebtedness incurred by the redevelopment agency to finance or refinance, in whole or in part, the merged redevelopment project.

(2) If the redevelopment agency has, prior to merger of redevelopment project areas, incurred any indebtedness on account of a constituent project area so merged, taxes attributable to that area that are allocated to the agency pursuant to Section 33670 shall be first used to comply with the terms of any bond resolution or other agreement pledging the taxes from the constituent project area.

(c) After the merger of redevelopment projects pursuant to subdivision (a), the clerk of the legislative body shall transmit a copy of the ordinance amending the plans for projects to be merged to the governing body of each of the taxing agencies that receives property taxes from or levies property taxes upon any property in the project.

~~SEC. 10.~~

SEC. 11. Section 33500 of the Health and Safety Code is amended to read:

33500. (a) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of the adoption or amendment of a redevelopment plan at any time within 90 days after the date of the adoption of the ordinance adopting or amending the plan.

(b) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of any findings or determinations by the agency or the legislative body at any time within 90 days after the date on which the

1 agency or the legislative body made those findings or
2 determinations.

3 ~~SEC. 11.~~

4 *SEC. 12.* Section 33501 of the Health and Safety Code is
5 amended to read:

6 33501. (a) An action may be brought pursuant to Chapter 9
7 (commencing with Section 860) of Title 10 of Part 2 of the Code
8 of Civil Procedure to determine the validity of bonds and the
9 redevelopment plan to be financed or refinanced, in whole or in
10 part, by the bonds, or to determine the validity of a
11 redevelopment plan not financed by bonds, including without
12 limiting the generality of the foregoing, the legality and validity
13 of all proceedings theretofore taken for or in any way connected
14 with the establishment of the agency, its authority to transact
15 business and exercise its powers, the designation of the survey
16 area, the selection of the project area, the formulation of the
17 preliminary plan, the validity of the finding and determination
18 that the project area is predominantly urbanized, and the validity
19 of the adoption of the redevelopment plan, and also including the
20 legality and validity of all proceedings theretofore taken and (as
21 provided in the bond resolution) proposed to be taken for the
22 authorization, issuance, sale, and delivery of the bonds, and for
23 the payment of the principal thereof and interest thereon.

24 (b) Notwithstanding subdivision (a), an action to determine the
25 validity of a redevelopment plan may be brought within 90 days
26 after the date of the adoption of the ordinance adopting or
27 amending the plan.

28 (c) For the purposes of protecting the interests of the state, the
29 Attorney General and the Department of Finance are interested
30 persons pursuant to Section 863 of the Code of Civil Procedure
31 in any action brought with respect to the validity of an ordinance
32 adopting or amending a redevelopment plan pursuant to this
33 section.

34 (d) For purposes of contesting the inclusion in a project area of
35 lands that are enforceably restricted, as that term is defined in
36 Sections 422 and 422.5 of the Revenue and Taxation Code, or
37 lands that are in agricultural use, as defined in subdivision (b) of
38 Section 51201 of the Government Code, the Department of
39 Conservation, the county agricultural commissioner, the county
40 farm bureau, the California Farm Bureau Federation, and

1 agricultural entities and general farm organizations that provide a
2 written request for notice, are interested persons pursuant to
3 Section 863 of the Code of Civil Procedure, in any action
4 brought with respect to the validity of an ordinance adopting or
5 amending a redevelopment plan pursuant to this section.

6 ~~SEC. 12.~~

7 *SEC. 13.* Section 33501.1 is added to the Health and Safety
8 Code, to read:

9 33501.1. Notwithstanding Chapter 9 (commencing with
10 Section 860) of Title 10 of the Code of Civil Procedure, the
11 Attorney General may, pursuant to subdivision (b) of Section 387
12 of the Code of Civil Procedure, intervene as of right in an action
13 specified in Section 33501 challenging the validity of any finding
14 and determination that a project area is blighted. The Attorney
15 General may seek permissive intervention pursuant to
16 subdivision (a) of Section 387 of the Code of Civil Procedure in
17 any other action brought pursuant to Section 33501.

18 ~~SEC. 13.~~

19 *SEC. 14.* Section 33501.2 is added to the Health and Safety
20 Code, to read:

21 33501.2. (a) An action shall not be brought pursuant to
22 Section 33501 unless the alleged grounds for noncompliance
23 with this division were presented to the agency or the legislative
24 body orally or in writing by any person before the close of the
25 public hearing required by this division.

26 (b) A person shall not bring an action pursuant to Section
27 33501 unless a person objected to the decision of the agency or
28 the legislative body before the close of the public hearing
29 required by this division.

30 (c) This section does not preclude any organization formed
31 after the approval of a project from bringing an action pursuant to
32 Section 33501 if a member of that organization has complied
33 with subdivision (b).

34 (d) This section does not apply to the Attorney General.

35 (e) This section does not apply to any alleged grounds for
36 noncompliance with this division for which there was no public
37 hearing or other opportunity for members of the public to raise
38 those objections orally or in writing before the decision by the
39 agency or the legislative body, or if the agency or the legislative
40 body failed to give the notice required by law.

1 ~~SEC. 14.~~

2 *SEC. 15.* Section 33501.3 is added to the Health and Safety
3 Code, to read:

4 33501.3. If an action specified in Section 33501 challenging
5 the validity of any finding and determination that the project area
6 is blighted is filed in any court, each party filing any pleading or
7 brief with the court in that proceeding shall serve, within three
8 days of the filing with the court, a copy of that pleading or brief
9 on the Attorney General. Relief, temporary or permanent, shall
10 not be granted to a party unless that party files proof with the
11 court showing that it has complied with this section. A court
12 may, by court order, allow a party to serve the Attorney General
13 after the three-day period, but only upon showing of good cause
14 for not complying with the three-day notice requirement, and that
15 late service will not prejudice the Attorney General's ability to
16 review, and possibly participate in, the action.

17 ~~SEC. 15.~~

18 *SEC. 16.* Section 33501.7 is added to the Health and Safety
19 Code, to read:

20 33501.7. Notwithstanding any other provision of law, an
21 agency or legislative body shall not permit or require a property
22 owner or a real party in interest to indemnify the agency or the
23 legislative body against actions brought pursuant to Section
24 33501 to challenge the adoption or amendment of a
25 redevelopment plan, as a condition of adopting or amending a
26 redevelopment plan.

27 ~~SEC. 16.~~ Section 33601.5 is ~~added to the Health and Safety~~
28 ~~Code, to read:~~

29 ~~33601.5. (a) Commencing with the 11th fiscal year in which~~
30 ~~an agency receives tax increments from a project area, the agency~~
31 ~~shall not establish any bonded indebtedness to be paid with the~~
32 ~~proceeds of property taxes received pursuant to Article 6~~
33 ~~(commencing with Section 33670) to finance, in whole or in part,~~
34 ~~that redevelopment project unless the legislative body finds,~~
35 ~~based on substantial evidence, that both of the following~~
36 ~~conditions exist:~~

37 ~~(1) Significant blight remains within the project area.~~

38 ~~(2) This blight cannot be eliminated without the establishment~~
39 ~~of the bonded indebtedness.~~

1 ~~(b) This section shall not prevent an agency from refinancing,~~
2 ~~refunding, or restructuring an existing indebtedness if that~~
3 ~~indebtedness is not increased and the time during which the~~
4 ~~indebtedness is to be repaid is not extended beyond the time limit~~
5 ~~to repay indebtedness required by Article 4 (commencing with~~
6 ~~Section 33330) of Chapter 4.~~

7 SEC. 17. It is the intent of the Legislature by amending
8 Section 33501 of the Health and Safety Code in Section ~~11~~ 12 of
9 this act to determine that the Attorney General and the
10 Department of Finance are interested persons pursuant to Section
11 863 of the Code of Civil Procedure in actions specified in
12 subdivision (c) of Section 33501 of the Health and Safety Code.
13 It is not the intent of the Legislature to preclude a court from
14 exercising its discretion to find that the Attorney General or the
15 Department of Finance are interested persons in other actions
16 brought pursuant to Section 33501 of the Health and Safety
17 Code. It is the intent of the Legislature that no court should
18 consider, in any manner, the fact that the Legislature did not
19 determine that the Attorney General and the Department of
20 Finance are interested persons in other actions brought pursuant
21 to Section 33501 of the Health and Safety Code.

22 SEC. 18. In enacting Section ~~12~~ 13 of this act to add Section
23 33501.1 to the Health and Safety Code, it is the intent of the
24 Legislature to create for the Attorney General an exception to the
25 ruling in *Green v. Community Redevelopment Agency* (1979) 96
26 Cal.App.3d 491.